

**City of Modesto
HOME
American Dream Down Payment Initiative (ADDI)**

Purpose of the Program:

The American Dream Down Payment Initiative provides down payment assistance towards the purchase of single family housing to eligible households who are first-time homebuyers.

Assistance:

The assistance is provided in the form of a deferred loan and will be secured by a Deed of Trust.

The amount of ADDI assistance provided to any low-income family cannot exceed the greater of six percent of the purchase price of a single family housing unit or \$10,000.

The loan could be used in combination with other down payment assistance provided by the City of Modesto and can be recorded in third position if necessary.

Benefits:

Benefits of this Program include:

- No monthly payments.
- 0% interest.
- Lower housing payments.
- Reduce debt-to-income ratio makes it easier to qualify for a home loan with a private lender.
- Repayment only upon the sale, refinance, transfer of the property or maturity of the loan (30 years).
- Property value appreciation and accumulation of equity.

Eligibility:

Applicant Criteria:

- Household annual gross income cannot exceed the maximum income level (See chart below)

HOUSEHOLD SIZE	INCOME LIMIT	HOUSEHOLD SIZE	INCOME LIMIT
1 Person	\$33,400	5 Person	\$51,500
2 Person	\$38,150	6 Person	\$55,350
3 Person	\$42,950	7 Person	\$59,150
4 Person	\$47,700	8 Person	\$62,950

FY-2009 Income limits subject to change

- Applicant must live in the City of Modesto, including unincorporated areas/ sphere of influence, with a Modesto address, for the past six (6) consecutive months, or been employed in the City of Modesto for the past six (6) consecutive months.

- Participant(s) must complete a homebuyer-counseling workshop from an agency approved by the City, prior to participating in the program.
- Participant(s) or any household member cannot have owned a home during the three-year period prior to the purchase of a home with assistance under ADDI.
- Eligible participant(s) earning up to 80% of the Area Median Income must contribute with a minimum initial investment of 1.5% of the sales price.
- Maximum loan amount must not exceed the FHA mortgage limits established for the City.

Property Criteria:

- The home to be purchased must be owner-occupied, vacant or occupied by the tenant making the purchase.
Homes are considered vacant if they have been unoccupied for at least 6 months prior to date that the purchase agreement was signed. Acquisition of a house must not result in the displacement of any tenants residing in the unit. ADDI and Down Payment Assistance Program (DPAP) loans cannot be used to assist in the purchase of tenant-occupied properties, unless the tenant is to be the purchaser.

- Participant(s) must occupy the property as a principal residence. This means that the participant(s) household must use the property as its primary place of residence.
***Note:** Use of the property for rental purposes, including temporary leases, is not allowed and, if at any time during the loan term, the property is no longer the principal residence of the participant(s), the loan will become immediately due and payable in full. The loan documents (Loan Agreement, Deed of Trust, Promissory Note) executed by the City and the participant(s) will incorporate this requirement. The property must be occupied within 60 days of loan closing.*

- The unit must be a single-family residence, condominium unit, cooperative unit, or manufactured housing on its own lot and affixed to a permanent foundation.
- The property must be located in a residentially zoned area within the city limits.
- The home must undergo a professional property inspection. If the home was built prior to 1978, a Lead Based Paint inspection is also required.
The City can refuse to participate in the purchase of homes that are clearly not in good repair, determined to contain illegal additions or conversions, or if lead-based paint is found on the property (common in homes built before 1978) and the hazard is not properly abated.

Application Process:

1. Prospective homebuyer (Participant) contacts City of Modesto, Parks, Recreation and Neighborhoods, at (209) 577-5311 to see if they meet basic program qualifications Participant completes homebuyer-counseling workshop and has the voucher certified by a workshop provider.
2. Participant must provide to the City a Certificate of Completion of the homebuyer-counseling workshop.

3. Participant shops for a home. A real estate agent can assist participant in selecting a home, and will execute a purchase contract and determine if household has adequate resources to qualify for a loan. The purchase offer will allow for a 17-day review of home inspection report. Participant is not obligated to use the lender referred to by the real estate agent. Any reputable lender can participate in the program.
4. Participant works with a lender to apply for a first mortgage and to complete a ADDI/DPAP application. While qualifying the participant for a first mortgage, the lender will also assist them in completing the ADDI/DPAP application, verify the information, and submit the complete loan application package to the City for approval.
5. Upon approval of the application, the City will issue a conditional letter of commitment good for 45 days from the date of issuance.
6. Staff will prepare the necessary loan documents for the silent subordinate mortgage.
7. Staff will schedule an appointment and will meet with applicant(s) to sign loan documents.
8. The funds will be provided to a title company at escrow, to be applied toward the purchase of the home.
9. Escrow agent shall record the City's Deed of Trust, the Declaration of Conditions, Covenants and Restrictions and send original documents to the City of Modesto within seven (7) working days from the date of closure.
10. If there are any cancellations or disqualifications of the first mortgage loan the lender shall immediately notify the City in writing and shall include the reason for this action.
11. Any material change in income, assets, household composition, or other eligibility determination occurring after application, but prior to closing, shall be immediately reported to the lender and the City for review.



DOWN PAYMENT ASSISTANCE PROGRAM APPLICATION (DPAP)

and

AMERICAN DREAM DOWN PAYMENT INITIATIVE (ADDI)

APPLICATION PROCESS

1. Prospective homebuyer (Participant) should contact the City of Modesto (Parks, Recreation and Neighborhoods Department) at (209) 577-5311 to determine if they meet the basic program qualifications (**See Brochure**).
2. Participant completes First Time Homebuyer's Class and receives a certificate of completion from the class provider. The certificate of completion must be given to the first mortgage lender to include it as a part of the application.
3. Participant selects a home. The home must undergo a termite inspection, a professional property inspection, and if the property was built prior to 1978, a lead based inspection. Any health and safety violations must be corrected prior to City funding of the loan. The purchase agreement must contain a 17- day right of rescission to review the results of the home inspection report.
4. Participant works with a lender to qualify for a first mortgage. Any lender can participate in the program. The first mortgage lender will contact the City at 577-5311 to request submittal information. The first mortgage lender will submit the application package to the City.
5. Staff will review application and submit to the loan committee for approval.
6. Upon approval of the down payment assistance loan, the City will issue a conditional letter of funding commitment good for 30 days and prepare the necessary loan documents. City staff will schedule an appointment to meet with the applicant(s) to sign the loan documents.
7. The funds will be provided to the title company at closing.

INSTRUCTIONS FOR COMPLETING APPLICATION

APPLICANT: With the assistance of lender, complete pages 2 through 4 of the application (Applicant Portion). The lender will complete the remaining sections.

LENDER: Complete pages 5 through 8 of the application. Provide copies of the documents listed on the Transmittal Checklist Form (Page 9), and deliver the complete application package to the City of Modesto, Parks, Recreation and Neighborhoods Department, 1010 10th Street, Suite #4300, Modesto. If you are completing this application for the first time, please contact the Parks, Recreation and Neighborhoods Department at 577-5311 for assistance.



I. APPLICANT INFORMATION

Name: _____	Social Security No: _____
Address: _____	Daytime Phone No: _____
City, State, Zip: _____	Landlord Name: _____
<input type="checkbox"/> Own <input type="checkbox"/> Rent ___ No. of Years	Landlord Phone: _____
.....	
Present Employer: _____	Employer Phone: _____
Address: _____	How Long Employed: ___ Years ___ Months
City, State, Zip: _____	Monthly Gross Income: \$ _____
Position/Title: _____	Years in profession: _____

II. CO-APPLICANT INFORMATION

Name: _____	Social Security No.: _____
Address: _____	Daytime Phone No.: _____
City, State, Zip: _____	Landlord Name: _____
<input type="checkbox"/> Own <input type="checkbox"/> Rent ___ No. of Years	Landlord Phone: _____
.....	
Present Employer: _____	Employer Phone: _____
Address: _____	How Long Employed: ___ Years ___ Months
City, State, Zip: _____	Monthly Gross Income: \$ _____
Position/Title: _____	Years in profession: _____

III. OTHER HOUSEHOLD INCOME:

Do you have income from other sources: Yes No

If yes, list source(s) and additional gross monthly income below:

- Source: _____ Gross Monthly Income: \$ _____
- Source: _____ Gross Monthly Income: \$ _____

IV. FAMILY INFORMATION (Complete for each non-applicant household member):

Name	Relationship	Age	Social Security Number
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____





V. PROGRAM ELIGIBILITY INFORMATION

1. Do you or your co-applicant own any real estate property? Yes No
 If yes, state the location of the property: _____
 Current Market Value: \$ _____ Balance Owed: \$ _____

2. How much money do you have available for:
 - (a) Down Payment: \$ _____ Source of Funds: _____
 - (b) Closing Costs: \$ _____ Source of Funds: _____
 Total: \$ _____

VI. ASSET INFORMATION (List for applicant and co-applicant):

SOURCE	NAME OF BANK	BALANCE
Saving(s) Account(s)		
Checking Account(s)		
Money Market/CD's		
IRA/Retirement Accounts		
Stocks/Bonds		
Other		

VI. DEBT INFORMATION (List for applicant and co-applicant):

Current Rental Payment:	\$	
Monthly Debt Obligations:		
	Minimum Payment:	Balance Owed:
Auto: Year/Make:	\$	\$
Auto: Year/Make:	\$	\$
Credit Card #1:	\$	\$
Credit Card #2:	\$	\$
Credit Card #3:	\$	\$
Credit Card #4:	\$	\$
Credit Card #5:	\$	\$
Total Other:	\$	\$
TOTAL (Excluding rent):	\$	\$





VII. ACKNOWLEDGEMENT:

I certify that the information provided in this application is true, correct and complete to the best of my knowledge and belief. I am aware of the Down Payment Assistance Program and/or American Dream Down Payment Initiative eligibility requirements and certify to the best of my knowledge and belief that I am eligible for assistance under the Program.

Permission is granted to check my/our credit and/or verify any and all information in support of this application.

Applicant Signature: _____ Date: _____

Co-Applicant Signature: _____ Date: _____

AUTHORIZATION TO RELEASE INFORMATION

I hereby authorize _____
(Name of Participating Lender)

to release to the City of Modesto, or its designated agent, any and all information required in connection with my application for City assistance to purchase a home. Verification of information by the City of Modesto is necessary to determine my eligibility for the Down Payment Assistance Program/American Dream Down Payment Initiative.

This form may be reproduced or faxed, with such copy being as effective consent as the original, which I (we) have signed.

Signature of Applicant: _____ Date: _____

Signature of Applicant: _____ Date: _____

AFFIRMATIVE ACTION INFORMATION

Applicant(s) is/are considered for assistance under the Down Payment Assistance Program/American Dream Down Payment Initiative without regard to race, color, religion, sex, or national origin. To help us comply with Federal record keeping, reporting, and other legal requirements, please provide the information below:

Size of household (Circle one): 1 2 3 4 5 6 7 8 or more

Race of Head of Household (Check):

- White Black or African American Asian American Indian or Alaska Native
 Native Hawaiian or other/Pacific Islander American Indian or Alaska Native and White
 Asian and White Black or African American and White American Indian or Alaska Native and Black or African American Balance/ Other

Ethnicity of Head of Household (Check if also):

- Hispanic

Gender: (Check):

- Male Female Female Head of Household





To be completed by the Lender:

I. PARTICIPATING LENDER INFORMATION:

Lender Name:		Contact Person:	
Address:		Phone Number:	
City, State, Zip		Fax Number:	

II. ESCROW INFORMATION

Company:		Contact Person:	
Address:		Phone Number:	
City, State, Zip:		Fax Number:	
Escrow No.			

III. REAL ESTATE INFORMATION

Real Estate Agency		Contact Person:	
Address:		Phone Number:	
City, State, Zip:		Fax Number:	

IV. PROPERTY INFORMATION

Street Address:		Square Ft.	
APN:		Census Tract:	# of Bedrooms:
Purchase Price:	\$	Appraised Value:	Year Built:

V. APPLICANT INCOME ELIGIBILITY:

The applicant must qualify as a low or moderate income as defined by Section 8 income guidelines, and cannot exceed the median area income (MAI) limits for Modesto as listed below. Income limits information is provided as Exhibit "A" of this application packet. Income limits change on an annual basis.

Total Household Size: _____

Total Household Income: \$ _____



EXHIBIT "A"

QUALIFYING INCOME LIMITS

Household size	Income limit
1	\$33,400
2	\$38,150
3	\$42,950
4	\$47,700
5	\$51,500
6	\$55,350
7	\$59,150
8	\$62,950



VI. FINANCIAL PACKAGE

The following is proposed first mortgage loan terms and conditions as outlined by lender:

Type of Loan: (FHA, CHFA, Conv, etc.) _____
 Total Loan Amount: \$ _____ Interest Rate: _____
 Base Loan Amount: \$ _____ MIP/PMI: \$ _____
 CHFA (One-year buy down) [] Yes [] No
 Down Payment Amount required (per type of loan)
Indicate the full amount. \$ _____

Proposed Monthly Housing Costs:

(a) Mortgage Payment (P & I): \$ _____
 (b) Property Taxes: \$ _____
 (c) Homeowners Insurance: \$ _____
 (d) Other _____ \$ _____
 (e) City loan \$ _____
 (f) Total Monthly Housing Costs (a) thru (e) \$ _____

VII. SUBSIDY CALCULATION TO DETERMINE CITY LOAN AMOUNT

A. Income and Debt Ratio

a. Annual Household Income \$ _____
 b. Monthly Household Income \$ _____
 c. Total Housing Costs (from (f) above): \$ _____ % of Income
 d. Total Other Monthly Debt: \$ _____ % of Income
 Total Monthly Debt (c+d): \$ _____ % of Income

B. City Loan Amount

a. Purchase Price \$ _____
 b. Deferred Fees (CFF) (\$ _____)
 c. Re-occurring Closing Costs (Attach itemized list) \$ _____
 d. Non-reoccurring Closing Costs \$ _____
1. Total Acquisition Price (a) thru (d) \$ _____

e. Base Loan Amount \$ _____
 f. Borrower's Funds – Down Payment \$ _____
 g. Borrower's Funds – Closing Costs \$ _____
 h. Seller Paid Closing Costs \$ _____
 i. Other Financing: Describe \$ _____

2. Total Available Funds Excluding City Loan (e thru g) \$ _____

3. Financing Gap – Line (B-1) minus (B-2) \$ _____

4. City Loan Amount Requested for
 Down payment assistance \$ _____
 Closing costs assistance (cannot exceed 50% of closing costs) \$ _____

5. City Loan Amount Requested by Program
 Down Payment Assistance Program (DPAP) \$ _____
 American Dream Down Payment Initiative (ADDI) \$ _____



VIII. LENDER CERTIFICATION OF APPLICANT ELIGIBILITY

Based on the documentation submitted by the applicant and the verification of that information, I certify to the best of my knowledge and belief that the applicant(s) is eligible for assistance through the City's Down Payment Assistance Program/American Dream Down Payment Initiative.

Lender Representative's Signature

Date

Print Name and Title

NOTE: LENDER MUST SUBMIT COPIES OF THE DOCUMENTS LISTED ON THE TRANSMITTAL CHECKLIST FORM (USE FORM AS COVER SHEET) ALONG WITH THIS COMPLETED APPLICATION.

Applications should be returned to: Parks, Recreation and Neighborhoods Department, 1010 Tenth Street, Suite 4300, Modesto, California 95354

CITY OF MODESTO USE ONLY – DO NOT WRITE BELOW THIS LINE.

Date Application Received: _____ Date Application Processed: _____

Applicant meets the income qualifications: YES NO
Total Household Size: _____
Total Household Income: \$ _____ Maximum Allowable: \$ _____

Is the home located within city limits: Property sold by owner/occupant
Yes No
Address: _____ Property vacant for more than 6-months
 Property is being purchased by current tenant

Applicant does not have current ownership interest in other property YES NO
 The application package is complete YES NO
 Applicant intends to occupy home as his/her permanent residence YES NO
 Applicant has been approved for permanent financing YES NO
 All closing costs are reasonable YES NO
If no, explain: _____

Special circumstances of the application YES NO
If yes, explain: _____

Application complete: YES NO
If no, explain (*note the date when all of the information has been provided*) _____

.....
Amount of funds recommended: \$ _____ CDBG HOME
\$ _____ CDBG HOME





Reviewed By: _____

Approved By: _____

TO: Down Payment Assistance Program/American Dream Down Payment Initiative
 Parks, Recreation & Neighborhoods Department
 1010 Tenth Street, Suite 4300
 Modesto, California 95354 Phone:(209) 577-5311 Fax:(209) 544-3982

FROM: Lender: _____

RE: Applicant: _____

DATE: _____

NOTE: *The City recognizes that all the documents listed above may not be available or executed at the time the applicant applies for a City loan or permanent financing. Please provide, at a minimum, those items identified with an **asterisk** to make an initial eligibility determination. The remaining documentation should be forwarded to the City as it becomes available. **NOTE:** Application packets provided with all the listed information are processed at a much quicker rate.*

The documents checked below are enclosed in the following order:

**Lender City
Use Use**

- | | | |
|-------|-------|--------------------------------------------------------------------------------------------------------------------------|
| _____ | _____ | 1.* Down Payment Assistance Program/American Dream Down Payment Initiative Application (Applicant and Lender Portion) |
| _____ | _____ | 2.* First Time Homebuyer's Class Certificate of Attendance and Completion |
| _____ | _____ | 3.* First Mortgage Loan Application, signed by Lender and Applicant(s) |
| _____ | _____ | 4.* First Mortgage approval letter with any conditions attached |
| _____ | _____ | 5.* Credit Report (for each adult applicant) |
| _____ | _____ | 6.* Verification of Employment for all adult wage earners in the applicant's household (if required for first mortgage). |
| _____ | _____ | 7.* Two (2) most recent wage stubs for all adult wage earners in the applicant's household |
| _____ | _____ | 8.* Documentation of other income sources and asset information |
| _____ | _____ | 9.* Statement under penalty of perjury of unemployment status for unemployed adults |
| _____ | _____ | 10.* Copy of two previous years filed Federal tax return (signed) with all attachments |
| _____ | _____ | 11.* W-2's/1099's (for all adult applicants and household members) |
| _____ | _____ | 12.* Copy of signed Purchase Contract/Agreement with any attachments/amendments |
| _____ | _____ | 13.* Good Faith estimate of settlement charges (signed) |
| _____ | _____ | 14.* Truth in Lending Disclosure Statement (signed) |
| _____ | _____ | 15.* Bank statements (last three months) |
| _____ | _____ | 16. Current Property Appraisal |
| _____ | _____ | 17. Preliminary Title Report |
| _____ | _____ | 18. Lead Based Paint (LBP) Disclosure Statement and LBP Hazard Screen Assessment (for home built before 1978) |
| _____ | _____ | 19. Home Inspection Report |
| _____ | _____ | 20. Termite Pest Control Report |
| _____ | _____ | 21. Copy of CHFA Buy down Agreement (if applicable) |

